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FOR A FRAMEWORK CONVENTION ON CLIMATE CHANGE
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New York, 6 - 17 February 1995
Item 8 (b) of the provisional agenda

MATTERS RELATING TO ARRANGEMENTS FOR THE FINANCIAL MECHANISM

CONSIDERATION OF THE MAINTENANCE OF THE INTERIM ARRANGEMENTS REFERRED TO IN ARTICLE 21, PARAGRAPH 3

Report on the second meeting of the GEF Council

Note by the interim secretariat

1. At its tenth session, the Committee adopted decision 10/3 on temporary arrangements between the Committee and the Global Environment Facility (GEF) (A/AC.237/76, annex I). Paragraph 4 of that decision invites the GEF to provide to the Committee at its eleventh session a report containing information that could assist the Conference of the Parties (COP) to review the interim arrangements referred to in Article 21.3 in accordance with Article 11 of the Convention, for consideration by the COP at its first session.

2. The attached report (annex I), submitted in response to the above-mentioned request, was approved by the GEF Council at its meeting held from 1 to 3 November 1994 in Washington, D.C. The Joint Summary of the Chairs of the GEF Council meeting (with related appendices and attachments) is attached as annex II.

GE.94-65234

Annex I

(Page numbers at the foot of each page correspond to the table of contents of this report.)

GLOBAL ENVIRONMENT FACILITY

REPORT BY THE GEF TO THE INTERGOVERNMENTAL NEGOTIATING COMMITTE FOR A FRAMEWORK CONVENTION ON CLIMATE CHANGE ON THE RESTRUCTURED GLOBAL ENVIRONMENT FACILITY

NOVEMBER, 1994

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INTRODUCTION

1. Paragraph 4 of Decision 10/3 of the Intergovernmental Negotiating Committee for the Framework Convention on Climate Change at its tenth session entitled, *Temporary Arrangements between the Committee and the Global Environment Facility*, "invites the GEF to provide to the Committee at its eleventh session a report containing information that could assist the COP to review the interim arrangements referred to in Article 21.3 in accordance with Article 11 of the Convention, for consideration by COP at its first session." This report has been prepared in response to that invitation.

2. Paragraphs 1 and 2 of Article 11 of the Convention set forth the following provisions to guide the selection of the Convention's financial mechanism:

(a) The financial mechanism is to provide financial resources on a grant or concessional basis, including for the transfer of technology;

(b) It shall function under the guidance of, and be accountable to, the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention;

(c) Its operation shall be entrusted to one or more existing international entities; and

(d) It shall have an equitable and balanced representation of all Parties within a transparent system of governance.

3. Paragraph 3 of Article 11 provides that the Conference of the Parties and the entity or entities entrusted with the operation of the financial mechanism are to agree on arrangements to give effect to paragraphs 1 and 2 of the Article.

4. Paragraph 4 of Article 11 provides that the Conference of the Parties is to make arrangements to implement Article 11 at its first session, "reviewing and taking into account the interim arrangements referred to in Article 21, paragraph 3". The paragraph also call for the Conference of the Parties to "decide whether these interim arrangements shall be maintained."

5. Paragraph 3 of Article 21 provides:

> The Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 on an interim basis. In this connection, the Global Environment Facility should be appropriately restructured and its membership made universal to enable it to fulfil the requirements of Article 11."

6. This report provides information on how the GEF has been restructured. It is the opinion of the GEF that the restructured GEF does respond to the requirements of Articles 21(3) and 11, and

therefore, it is an appropriate international entity to be entrusted with the operation of the financial mechanism for the United Nations Framework Convention on Climate Change.

PART I: THE GEF PILOT PHASE

7. The GEF was established by Resolution 91-5 of the Executive Directors of the World Bank as a pilot program to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development. The Resolution additionally provided for the development of procedural arrangements to govern cooperation among UNDP, UNEP and the World Bank for the implementation of programs under the GEF.

8. Following the establishment of the GEF, the Governing Councils of UNDP and UNEP endorsed its establishment and requested the respective Executive Heads to take action to enable their organizations to fulfil their designated roles under the Facility.[1] Procedural arrangements for operational cooperation among UNDP, UNEP and the World Bank under the GEF were signed by the Executive Heads of the three agencies on October 28, 1991.

9. During the pilot phase, Participants endorsed 117 projects worth US$742.1 million. The allocation of funds from the GET to the four thematic areas during the pilot phase is as follows: 43% of the resources were allocated to biodiversity projects, 38% to climate change projects, 16% to international waters projects, and 1% to ozone projects. A total of 82 projects totalling US$530.2 million have been approved by the Implementing Agencies. 33 are World Bank investment projects, 46 are projects implemented through UNDP and 3 are UNEP projects. A list of projects concerning climate change is attached as annex A to this report.

PART II: THE RESTRUCTURING PROCESS

Principles for Restructuring the GEF

10. At their meeting in April 1992, Participants in the GEF agreed that its structure and modalities should be adjusted so that it could play a permanent role beyond the pilot phase. In particular, they agreed that the following principles would serve as the basis for restructuring the Facility:

Principle I: The GEF would provide additional grant and concessional funding of the agreed incremental costs for achieving agreed global environmental benefits.

Principle II: The GEF would finance activities which benefit the global environment. It would continue to support its current four focal areas. Land degradation issues, primarily

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[1]Resolution 16/47 dated May 13, 1991, of the UNEP Governing Council and Decision 92/16 dated May 26, 1992, of the UNDP Governing Council.

desertification and deforestation, as they relate to the focal areas of the Facility, would be eligible for financing.

Principle III: The GEF is available to function as the funding mechanism for agreed global environmental conventions, should the parties to those conventions so desire.

Principle IV: The GEF would assure the cost effectiveness of its activities in addressing the targeted global environmental issues.

Principle V: The GEF would fund programs and projects which are country driven and consistent with national priorities designed to support sustainable development.

Principle VI: The GEF would build on proven institutional structures, such as the partnership among UNDP, UNEP and the World Bank, thus avoiding the creation of new institutions.

Principle VII: The GEF must be transparent and accountable to contributors and beneficiaries alike.

Principle VIII: The GEF would have sufficient flexibility to introduce modifications as the need arises.

11. Agenda 21 (the action plan adopted by the 1992 United Nations Conference on Environment and Development), the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity also called for the restructuring of the Facility. In particular, under paragraph 33.14(a)(iii) of Agenda 21, it was agreed that:

> *The Global Environment Facility*, managed jointly by the World Bank, UNDP and UNEP, whose additional grant and concessional funding is designed to achieve global environmental benefits should cover the agreed incremental costs of relevant activities under Agenda 21, in particular for developing countries. Therefore, it should be restructured so as to, *inter alia*:
>
> (a) Encourage universal participation;
>
> (b) Have sufficient flexibility to expand its scope and coverage to relevant programme areas of Agenda 21, with global environmental benefits, as agreed;
>
> (c) Ensure a governance that is transparent and democratic in nature, including in terms of decision-making and operations, by guaranteeing a balanced and equitable representation of the interests of developing countries, as well as giving due weight to the funding efforts of donor countries;
>
> (d) Ensure new and additional financial resources on grant and concessional terms, in particular to developing countries;

(e) Ensure predictability in the flow of funds by contributions from developed countries, taking into account the importance of equitable burden-sharing;

(f) Ensure access to and disbursement of the funds under mutually agreed criteria without introducing new forms of conditionality.

12. Article 21(3) of the UN Framework Convention on Climate Change and Article 39 of the Convention on Biological Diversity specifically call for the appropriate restructuring of the GEF as a prerequisite for its designation for the purposes of the financial mechanisms of the conventions. Article 21(3) of the Climate Change Convention specifies that GEF membership should be made universal, and in accordance with Article 11(2) the financial mechanism is to have an equitable and balanced representation of all Parties within a transparent system of governance. In accordance with Article 21 of the Biological Diversity Convention the financial mechanism is to operate within a democratic and transparent system of governance.

Evaluation of the GEF

13. To assist Governments to restructure the GEF, an independent evaluation of the pilot program was requested by the Participants. The evaluation was completed in December 1993. The overall evaluation process was coordinated by an evaluation coordinator and the evaluation team. It analyzed the GEF operations of UNDP, UNEP and the World Bank, and it reviewed the role of the Administrator's office.

14. In addition to the evaluation teams, an Independent Panel of Experts was appointed by the Chairman of the GEF to assure the independence and integrity of the evaluation process.

15. Many of the recommendations on the institutional arrangements and operational practices have been incorporated into the Instrument for the Establishment of the Restructured Global Environment Facility. Others, such as the need for an overarching strategy in each of the focal areas covered by the GEF, will be developed and considered, in the context of the overall operational modalities of the Facility, by the newly established Council.

The Negotiating Process

16. The GEF Participants met seven times to discuss and reach agreement on the restructuring and replenishment of the GEF. Participants Meetings were held in Abidjan, Cote d'Ivoire, in December 1992, in Rome, Italy, in March 1993, in Beijing, China, in May 1993, in Washington, D.C., USA, in September 1993, in Paris, France, in November 1993, in Cartagena, Colombia, in December 1993, and in Geneva, Switzerland, in March 1994.

17. At the Geneva meeting, representatives of 73 States accepted the Instrument for the Establishment of the Restructured GEF (the Instrument) which is being circulated with this report.

The Instrument

18. The Instrument sets out the institutional framework of, and defines the decision-making structure and processes to be established in, the restructured GEF. The key points of the Instrument are summarized below.

Basic Provisions - Paragraphs 1 to 6 of the Instrument

19. The restructured GEF is to continue operating on the basis of collaboration and partnership among the three Implementing Agencies, thus avoiding the creation of a new institution. It will serve as a mechanism for international cooperation for the purpose of providing additional grant and concessional funding to meet the agreed incremental costs of measures to achieve global environmental benefits in four focal areas: climate change, biological diversity, international waters, and ozone layer depletion. The agreed incremental costs of activities concerning land degradation, primarily desertification and deforestation, as they relate to the four focal areas shall also be eligible for funding. It was agreed that other relevant activities may be agreed to by the Council insofar as they achieve global environmental benefits by protecting the global environment in the four focal areas.

20. The GEF is to be available to continue to serve for the purposes of the financial mechanisms for the implementation of the Climate Change Convention and the Biological Diversity Convention if it is requested to do so by their Conferences of the Parties.

Participation - Paragraph 7 of the Instrument

21. Any State member of the United Nations or of any of its specialized agencies may become a Participant in the GEF. The only requirement for participation is that a State deposit with the Secretariat an instrument of participation. A form for such notification is presented in Annex A to the Instrument.

The GEF Trust Fund - Paragraphs 8 and 10, and Annexes B and C of the Instrument

22. A new GEF Trust Fund is to be established, and the World Bank is invited to serve as the Trustee of the Fund. Annex B of the Instrument sets forth the provisions for the role and fiduciary responsibilities of the Trustee and Annex C the financial provisions for replenishment of the Trust Fund. In accordance with paragraph 32, the existing Global Environment Trust Fund (GET) is to be terminated on the effective date of the establishment of the new GEF Trust Fund, and any funds, receipts, assets and liabilities held in the GET are to be transferred to the new Trust Fund.

Eligibility - Paragraph 9 of the Instrument

23. GEF financing made available within the framework of the financial mechanism of the Climate Change Convention or the Biological Diversity Convention will be in conformity with the eligibility criteria decided on by the Conference of the Parties of each convention. Under the provisions of both conventions, a country is eligible for funding under the convention's financial mechanism if the country is: (i) a developing country; and (ii) a party to the convention.

24. GEF financing in all four focal areas made available outside the framework of the financial mechanism of one of the conventions will be subject to the country eligibility criteria provided in paragraph 9(b) of the Instrument and any further eligibility criteria adopted by the Council. Paragraph 9(b) provides that a country shall be an eligible recipient of GEF grants if it is eligible to borrow from the World Bank (IBRD and/or IDA) or if it is an eligible recipient of UNDP technical assistance through its country Indicative Planning Figure (IPF)[2]. Resources for activities concerning climate change or biological diversity, but outside the framework of the financial mechanism of the respective convention, shall only be made available to eligible recipient countries that are party to the convention concerned.

Governance and Management Structure

25. The GEF is to be governed through an Assembly, a Council and a Secretariat.

Assembly - Paragraphs 13 and 14 of the Instrument

26. An Assembly consisting of representatives from all Participants shall meet once every three years to review the general policies of the Facility, to evaluate the operation of the Facility, and to approve any amendments to the Instrument that may be recommended by the Council.

Council - Paragraphs 15 through 20 of the Instrument

27. A Council consisting of 32 Members representing constituency groups of Participating States is to be established. The Council shall be composed of 16 members from developing countries, 14 Members from developed countries and 2 Members from countries with economies in transition of central and eastern Europe and the former Soviet Union. The Council shall be responsible for developing, adopting and evaluating the operational policies and programs for GEF financed activities. The Council shall meet in Washington, D.C. semi-annually or as frequently as necessary to enable it to discharge its responsibilities. At each meeting, the Council shall elect a Chairperson from among its Members for the duration of that meeting. The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members. Responsibility for conducting the deliberations of the Council at each meeting will be divided between the elected Chairperson and the Chief Executive Officer/Chairman of the Facility (CEO), based on the nature of the issues on the Council's agenda. In general, the elected Chairperson will conduct deliberations of the Council on administrative issues, while the CEO will conduct deliberations of the Council on operational issues. The responsibilities of the elected Council Chair and the CEO for conducting the Council deliberations are defined in paragraph 18 of the Instrument. The responsibilities of the Council are defined in paragraph 20.

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[2]Current eligibility requirements for receiving UNDP technical assistance are as follows: only countries with a 1989 per capita income of less than $3,000 are eligible for technical assistance grants. Countries whose per capita income falls within the $3,000 - $6,000 range may benefit from UNDP technical assistance but they are expected to repay UNDP for the full costs of such assistance (Decision 90/34 of the UNDP Governing Council). The thresholds of $3,000 and $6,000 are set higher for island states with a population of less than 2 million. For small island states the cut off levels are, respectively, $4,200 and $7,500. Decision 90/34 is to be updated in 1995. UNDP calculates an allocation referred to as the "indicative planning figure" (IPF) for each eligible country for a five year programming cycle.

Constituencies - Annex E of the Instrument

28. GEF Participants are to be grouped in 32 constituencies, with 18 constituencies composed of recipient countries and 14 constituencies composed principally of non-recipient countries. The 18 recipient country constituencies are to be distributed among the following geographic regions: 6 for Africa, 6 for Asia and the Pacific, 4 for Latin America and the Caribbean, and 2 for central and eastern Europe and the former Soviet Union.

Secretariat - Paragraph 21 of the Instrument

29. A Secretariat is to be established to service and report to the Assembly and the Council. The Secretariat is to operate in a functionally independent and effective manner, is to be supported administratively by the World Bank, and is to be headed by the Chief Executive Officer/Chairman of the Facility (CEO). The CEO is to be appointed, to serve for three years on a full time basis, by the Council on the joint recommendation of the Implementing Agencies. The recommendation of the Implementing Agencies is to be made after consultation with the Council. The CEO may be reappointed by the Council. On July 12, 1994, the Council appointed Mr. Mohamed T. El-Ashry to serve as the first Chief Executive Officer/Chairman of the Facility.

30. The staff of the Secretariat shall include staff members seconded from the Implementing Agencies. Staff may also be hired competitively on an as needed basis through one of the Implementing Agencies. The functions of the Secretariat are set out in paragraph 21 of the Instrument.

Implementing Agencies - Paragraphs 22 and 23 of the Instrument

31. The Implementing Agencies of the GEF shall be the same as those of the pilot phase: UNDP, UNEP and the World Bank. The Implementing Agencies shall be responsible for the development and management of GEF-financed projects. As specified in paragraph 28, the Implementing Agencies may make arrangements for GEF project preparation and execution by multilateral development banks, specialized agencies and programs of the United Nations, other international organizations, bilateral development agencies, national institutions, nongovernmental organizations, private sector entities and academic institutions.

Scientific and Technical Advisory Panel - Paragraph 24 of the Instrument

32. UNEP is to establish, in consultation with UNDP and the World Bank, the Scientific and Technical Advisory Panel (STAP) as an advisory body to the Facility. The Council is to approve the mandate, composition and role of STAP.

Decision-Making in the Assembly and the Council - Paragraph 25 of the Instrument

33. The Assembly and the Council are each to adopt its rules of procedure. Decisions of the Assembly and the Council are normally to be taken by consensus. If in the consideration of any matter of substance all practicable efforts by the Council and its Chairperson have been made and no consensus agreement is reached, any member of the Council may require a formal vote.

34. Decisions of the Council requiring a formal vote shall be taken by a double weighted majority: an affirmative vote representing both a 60% majority of the total number of Participants and a 60% majority of the total contributions.

Relationship and Cooperation with Conventions - Paragraphs 26 and 27

35. The use of GEF resources for the purposes of the Climate Change Convention or the Biological Diversity Convention shall be in conformity with the policies, program priorities and eligibility criteria decided on by the Conference of the Parties of the convention concerned. The Council is to consider and approve cooperative arrangements or agreements with the Conference of the Parties to each of the conventions. Such arrangements or agreements are to be formalized, if required, by the Trustee.

Operational Modalities - Paragraphs 29 and 30 of the Instrument

36. The Council is to approve the GEF joint work program. Individual projects in the approved joint work program are to be developed and approved by the concerned Implementing Agency. Before final project approval, the CEO is to endorse each project. A project may be reviewed by the Council prior to submission for final approval by an Implementing Agency if at least 4 Council Members so request.

37. More detailed operational procedures for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities other than the Implementing Agencies, and procedural steps to be included in the project cycle are to be approved by the Council in accordance with paragraph 20(f) of the Instrument.

Reporting - Paragraph 31 of the Instrument

38. The Secretariat is to prepare an annual report on the activities of the GEF for review and approval by the Council. Among other things, the report is to contain all the information necessary to meet the principles of accountability and transparency that shall characterize the Facility as well as the requirements arising from the reporting arrangements agreed with each Conference of the Parties to the Climate Change and Biological Diversity Conventions.

Termination of the Global Environment Trust Fund - Paragraph 32 of the Instrument

39. The World Bank is invited to terminate the existing Global Environment Trust Fund (GET) established by Resolution No. 91-5 of the Executive Directors of the World Bank on the effective date of the establishment of the new GEF Trust Fund. Any funds, receipts, assets and liabilities held in the GET upon termination, including the administration of any cofinancing by the Trustee, shall be transferred to the new GEF Trust Fund.

Amendment and Termination - Paragraphs 34 and 35 of the Instrument

40. Any amendment or termination of the Instrument must be approved by the Assembly upon the recommendation of the Council. The Council is to take into account the views of the Implementing Agencies and the Trustee. Any amendment or termination is to become effective after adoption by the Implementing Agencies and the Trustee in accordance with their respective rules and procedural requirements.

41. The Trustee may at any time terminate its role as trustee, and an Implementing Agency may at any time terminate its role as implementing agency, after consultation with the other Implementing Agencies and after giving the Council six months notice in writing.

PART III: THE REPLENISHMENT PROCESS

42. The replenishment negotiations began in March 1993, with an informal meeting in Rome, at which donors agreed to a framework to guide the negotiations process. Donors agreed that the replenishment process and the restructuring process must proceed in parallel with each other. They also agreed that to be invited to the replenishment negotiations as a donor a government should express its intention to contribute to the restructured GEF. They also recognized that a minimum contribution should be set that was not unduly high for small donors. They set this minimum level at SDR 4 million, but agreed to review it for future replenishments. On this basis, the following countries participated as donors in these negotiations: Australia, Austria, Brazil, Canada, China, Cote D'Ivoire, Denmark, Egypt, Finland, France, Germany, India, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Pakistan, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

43. Subsequent to the Rome meeting, five other replenishment meetings took place in conjunction with the meetings on restructuring.

44. Donors agreed to a target replenishment of US$2 billion which was exceeded. This level was seen as the most appropriate by donors for this first three-year replenishment, taking into consideration the absorptive capacity of recipients, the timing of the entry into force of the conventions, the capacity of the Implementing Agencies, and the budgetary constraints of donors. Annex C of the Instrument provides details of the financial provisions for the replenishment. Attachment 1 of Annex C lists all donors with their respective contributions.

45. The GEF Trust Fund will become effective (pursuant to Annex C, paragraph 6, of the Instrument) once donors representing 70% of the total replenishment will have deposited their instruments of commitment. This is expected to take place before the end of 1994.

46. Donors agreed that, although not part of the core replenishment, cofinancing would be welcome as an additional form of support for the GEF objectives. Several donors have pledged to provide cofinancing of this kind, amounting to approximately SDR 61.8 million thus far.

IV. ADOPTION OF THE INSTRUMENT

47. The Instrument, as accepted by representatives of the States participating in the GEF at their meeting in Geneva from March 14 to 16, 1994, is to become effective through adoption by the Implementing Agencies in accordance with their respective rules and procedural requirements.[3] The Instrument has been formally adopted by the three Implementing Agencies as follows:

(a) The Executive Board of the United Nations Development Programme and of the United Nations Population Fund adopted the Instrument at a meeting in New York on May 13, 1994 (Document DP/1994/9, "Report on the Second Regular Session");

(b) The Governing Council of the United Nations Environment Programme adopted the instrument at a special meeting of its Governing Council in Nairobi on June 18, 1994 (Resolution ss.iv.1, "Adoption of the Instrument for the Establishment of the Restructured Global Environment Facility"); and

(c) The Executive Directors of the World Bank adopted the Instrument at a meeting in Washington, D.C., on May 24, 1994 (Resolution No. 94-2, "Global Environment Facility Trust Fund: Restructuring and First Replenishment of the Global Environment Facility"), and the Board of Governors of the Bank adopted a resolution on July 7, 1994, approving cooperation by the Bank with other international organizations as appropriate to achieve the purposes of the GEF (Resolution No. 487, "Protection of the Global Environment").

48. The texts of the decisions are contained in the publication *Instrument for the Establishment of the Restructured Global Environment Facility* circulated to the meeting.

V. THE RESTRUCTURED GEF - PRESENT ACTIVITIES

49. As of November 22, 1994, 138 countries are Participants in the Restructured GEF. A list of all Participants is attached as annex B. The GEF Council held its first meeting in July 1994 and its second meeting in November 1994. A list of Council Members, Alternates, and the constituencies they represent is presented in annex C.

50. A functionally independent Secretariat has now been established. This Secretariat has been collaborating actively with the Interim Secretariat for the Climate Change Convention. For example, in preparing for the Council meetings, the GEF Secretariat has consulted with the Convention's Interim Secretariat on papers and issues of direct concern to the convention. The Executive Secretary of the Interim Secretariat addressed the Council at its first meeting, and [the Chairman of the INC addressed the Council's second meeting.] Provision is being made in the Council's rules of procedure for the representatives of the Climate Change Convention to regularly attend and address the Council meetings.

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[3]Paragraph 1 of the Instrument.

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51. Paragraph 6 of the Instrument indicates that the GEF is available to continue to serve for the purposes of the financial mechanisms for the implementation of the Climate Change Convention if it is requested to do so by the Conference of the Parties. The Council asserts that the GEF fulfills all requirements stipulated in the Convention for an entity to operate its financial mechanism, since it has been appropriately restructured to have an equitable and balanced representation of all Parties within a transparent system of governance, its membership is universal, and it provides for the use of GEF resources for purposes of the convention to be in conformity with the policies, program priorities and eligibility criteria decided by the Conference of the Parties.[4]

[4]Paragraph 26 of the Instrument.

ANNEX A

GEF PILOT PHASE CLIMATE CHANGE PROJECTS

		US $
Benin	Village-Based Carbon Sequestration	2.5
Brazil	Biomass integrated Gasificaton/Gas Turbine	7.7
Chile	Reduction of Greenhouse Gases	1.7
China	Issues and Options in Greenhouse Gas Emissions Control	2.0
China	Development of Coal-Bed Methan Resources	10.0
China	Sichuan Gas Development & Conservation	10.0
Costa Rica	Grid-Integrated Advanced Windpower	3.3
Cote d'Ivoire	Crop Waste Power	5.0
India	Optimizing Development of Small Hydel Resources in the Hilly Regions	7.5
India	Bio-Energy from Industrial, Municipal and Agricultural Waste	5.5
India	Cost-effective Options for Limiting Greenhouse Gas Emissions	1.5
India	Renewable Resource Management	26.0
Iran	Teheran Transportation Emission Reduction	2.0
Jamaica	Demand Side Management	3.8
Mali	Household Energy	2.5
Mauritania	Wind Electric Power for Social and Economic Development	2.0
Mauritius	Sugar Bio-Energy Technology	3.3
Mexico	High Efficiency Lighting Pilot	10.0
Morocco	Repowering Existing Power Plant	6.0
Pakistan	Fuel Efficiency in the Road Transport Sector	7.0
Pakistan	Waste-to-Energy Lahore Landfill Gas Extraction and Use	11.0
Peru	Technical Assistance to the Centre for Energy Conservation	0.9
Philippines	Geothermal Energy Development	30.0
Poland	Coal-to-Gas	25.0
Russia	GHG Reduction in Natural Gas Supply	3.2
Sudan	Community Based Rangeland Rehabilitation for Carbon Sequestration and Biodiversity	1.5
Tanzania	Electricity, Fuel, and Fertilizer from Municipal Waste in Tanzania: A Demonstration Biogas Plant for Africa	2.5
Thailand	Promotion of Electricity Energy Efficiency	9.5
Tunisia	Solar Water Heating	4.0
Zimbabwe	Photovoltaics for Household and Community Use	7.0
Regional	Control of Greenhouse Gas Emissions Through Energy Efficient Building Technology	3.5
Regional	Asia Least Cost Greenhouse Gas Abatement Strategies	9.5
Regional	Regional Strategy for Reduction of Greenhouse Gas Emissions in Arab States	2.5
Regional	Building Capacity in Sub-Saharan Africa to Respond to the UN Framework Convention on Climate Change	2.0
Global	Global Change System for Analysis, Research and Training (START)	7.0
Global	Climate Change Capacity Building	0.9
Global	Alternatives to Slash and Burn Research Initiatives	3.0
Global	Monitoring of Greenhouse Gases Including Ozone	4.8
Global	Research Programme on Methane Emission from Rice Fields	5.0
Global	Country Case Studies on Sources and Sinks of Greenhouse Gases	4.7
Global	Capacity Building and Infrastructure (IPCC)	2.8
	TOTAL	259.6

GLOBAL ENVIRONMENT FACILITY

ANNEX B

Notification of Participation in the Restructured GEF

List of submissions as of November 22, 1994

COUNTRY	DATE
1. Afghanistan	04/07/94
2. Albania	05/06/94
3. Algeria	05/13/94
4. Antigua & Barbuda	03/29/94
5. Argentina	05/12/94
6. Armenia	06/16/94
7. Australia	06/27/94
8. Austria	06/21/94
9. Bahamas	04/19/94
10. Bangladesh	06/22/94
11. Barbados	05/13/94
12. Belarus	03/30/94
13. Belize	04/29/94
14. Benin	06/29/94
15. Bolivia	06/17/94
16. Botswana	07/12/94
17. Brazil	06/13/94
18. Bulgaria	03/22/94
19. Burkina Faso	08/24/94
20. Cameroon	10/31/94
21. Canada	07/06/94
22. Cape Verde	07/18/94
23. Chad	07/27/94
24. Chile	07/01/94
25. China	05/16/94
26. Colombia	06/28/94
27. Cook Islands	05/06/94
28. Costa Rica	05/19/94
29. Cote d'Ivoire	06/24/94
30. Croatia	03/04/94
31. Cuba	04/04/94
32. Czech Republic	06/30/94
33. Denmark	06/09/94
34. Djibouti	05/24/94
35. Dominica	06/08/94
36. Dominican Republic	04/21/94
37. Ecuador	06/23/94
38. Egypt	06/08/94
39. El Salvador	05/20/94
40. Estonia	05/12/94
41. Ethiopia	10/27/94
42. Fiji	05/10/94
43. Finland	06/09/94
44. Former Yugoslav Republic of Macedonia	07/07/94
45. France	06/20/94
46. Gambia	08/16/94
47. Georgia	07/08/94
48. Germany	06/23/94
49. Greece	05/11/94
50. Grenada	04/20/94
51. Guatemala	05/20/94
52. Guyana	05/12/94
53. Haiti	05/10/94
54. Honduras	09/06/94
55. Hungary	06/22/94
56. India	05/12/94
57. Indonesia	06/29/94
58. Iran (I.R.)	05/25/94
59. Ireland	06/14/94
60. Italy	06/28/94
61. Jamaica	06/29/94
62. Japan	06/27/94
63. Jordan	05/10/94
64. Kenya	05/25/94
65. Kiribati	05/10/94
66. Korea (D.P.R.)	05/06/94
67. Korea (Rep.)	05/03/94
68. Lao (P.D.R.)	08/02/94
69. Latvia	06/27/94
70. Lebanon	07/21/94
71. Lesotho	06/29/94
72. Lithuania	05/13/94
73. Madagascar	07/14/94
74. Malaysia	05/04/94
75. Maldives	08/25/94
76. Mali	07/04/94
77. Malta	07/27/94
78. Marshall Islands	04/15/94
79. Mauritania	05/08/94
80. Mauritius	07/04/94
81. Mexico	05/17/94
82. Micronesia (F.S.)	04/26/94
83. Mongolia	04/14/94
84. Morocco	06/29/94

ANNEX B

COUNTRY	DATE
85. Myanmar	05/13/94
86. Nauru	05/05/94
87. Nepal	08/10/94
88. Netherlands	06/20/94
89. New Zealand	05/18/94
90. Nicaragua	05/19/94
91. Niger	08/23/94
92. Nigeria	07/12/94
93. Niue	05/04/94
94. Norway	07/01/94
95. Pakistan	04/08/94
96. Panama	04/07/94
97. Papua New Guinea	05/06/94
98. Peru	06/14/94
99. Philippines	06/16/94
100. Poland	04/18/94
101. Portugal	06/17/94
102. Romania	07/29/94
103. Russian Federation	06/23/94
104. Saint Lucia	03/31/94
105. Saint Vincent and the Grenadines	05/04/94
106. Samoa	03/28/94
107. Senegal	04/07/94
108. Sierra Leone	09/06/94
109. Slovak Republic	11/01/94
110. Slovenia	07/12/94
111. Solomon Islands	04/16/94
112. South Africa	07/06/94
113. Spain	06/09/94
114. Sri Lanka	05/26/94
115. St. Kitts and Nevis	07/25/94
116. Sudan	06/14/94
117. Suriname	05/12/94
118. Swaziland	05/16/94
119. Sweden	06/28/94
120. Switzerland	07/01/94
121. Thailand	06/30/94
122. Togo	07/21/94
123. Tonga	05/04/94
124. Trinidad and Tobago	05/19/94
125. Tunisia	05/13/94
126. Turkey	07/06/94
127. Tuvalu	05/03/94
128. Uganda	06/28/94
129. Ukraine	06/15/94
130. United Kingdom	06/13/94
131. United States	06/24/94
132. Uruguay	04/22/94
133. Vanuatu	05/19/94
134. Venezuela	07/01/94
135. Vietnam	05/12/94
136. Yemen	03/30/94
137. Zambia	06/13/94
138. Zimbabwe	07/07/94

ANNEX C

GEF COUNCIL MEMBERS, ALTERNATES, AND CONSTITUENCIES
(as of 11/23/94)

COUNCIL MEMBER	ALTERNATE	CONSTITUENCY
Mr. Salah Hafez (Egypt)	Mr. Mersak Belhimeur (Algeria)	Algeria, Egypt, Morocco, Tunisia
Mr. Victor Kouame (Cote d'Ivoire)	t.b.d. (Nigeria)	Benin, Cote d'Ivoire, Nigeria, Sierra Leone, Togo **
Mr. Mahmoud Ould El-Ghaouth (Mauritania)	Mr. Jean Baptiste Kambou (Burkina Faso)	Burkina Faso, Cape Verde, Chad, The Gambia, Mali, Mauritania, Niger, Senegal **
Mr. Bava Djingoer (Cameroon)	t.b.d. (Gabon)	Cameroon
Mr. Mathias Benedict Keah (Kenya)	Mr. Odyek Agona (Uganda)	Djibouti, Ethiopia, Kenya, Madagascar, Mauritius, Sudan, Uganda
Mr. E.T. Mundangepfupfu (Zimbabwe)	Mr. Stevie C. Monna (Botswana)	Botswana, Lesotho, South Africa, Swaziland, Zambia, Zimbabwe
Mr. Pirouz Hosseini (Iran)	t.b.d.	I.R. Iran
Mr. Abdul Karim Lodhi (Pakistan)	Mr. Ezzedin Shamsedin (Lebanon)	Afghanistan, Jordan, Lebanon, Pakistan, Yemen
Mr. Shengman Zhang (China)	Mr. Zhu Quangyao (China)	China
Mr. N.K. Singh (India)	Mr. M.A. Syed (Bangladesh)	Bangladesh, India, Maldives (prel. @), Nepal (prel. @), Sri Lanka (prel.@)
Mr. Ismail Razali (Malaysia)	Mr. Apichai Chrajarernpun (Thailand)	D.P.R. Korea, Lao (PDR) (prel. @), Malaysia, Mongolia, Myanmar, Thailand, Vietnam
Mr. Surna Djajadiningrat (Indonesia)	Mr. Tuiloma Neroni Slade (Samoa)	Cook Island, Fiji, Indonesia, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Papua New Guinea, Philippines, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu

GEF COUNCIL MEMBERS, ALTERNATES, AND CONSTITUENCIES
(as of 11/23/94)

COUNCIL MEMBER	ALTERNATE	CONSTITUENCY
Mr. John Ashe (Antigua and Barbuda)	Mr. Ramiro Leon Torras (Cuba)	Antigua & Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dom. Rep., Grenada, Guyana, Haiti, Jamaica, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad and Tobago
Mr. Moises Pineda Padron (Mexico)	Mr. Francisco Berguido (Panama)	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicargua, Panama, Venezuela
Mr. Valdemar Carneiro Leao (Brazil)	Mr. Jairo Montoya (Colombia)	Brazil, Colombia, Ecuador
Mr. Carlos Sersale di Cerisano (Argentina)	Mr. F. Gonzalez Guyer (Uruguay)	Argentina, Bolivia, Chile, Peru, Uruguay
Mr. A. Averchenkov (Russia Fed.)	t.b.d.	Armenia, Belarus, Russia Fed.
Mr. Tadeus Strojwas (Poland)	Mr. Sergiy Kulyk (Ukraine)	Albania, Bulgaria (prel. @), Croatia (prel.@), Georgia, Macedonia (prel. @), Poland, Romania (prel. @), Ukraine
Ms. Susan B. Levine (USA)	Mr. Rafe Pomerance (USA)	United States
Mr. Mamoru Umemoto (Japan)	Mr. Nobuaki Ito (Japan)	Japan
Mr. Hans-Peter Schipulle (Germany)	Mr. Harald Rehm (Germany)	Germany
Mr. Bertrand de Mazieres (France)	Ms. Monique Barbut (France)	France
Mr. David Turner (UK)	Ms. Anna Wechsberg (UK)	United Kingdom
Mr. Enzo Quattrociocche (Italy)	Ms. Paola Pettinari (Italy)	Italy

ANNEX C

ANNEX C

(as of 11/23/94)

COUNCIL MEMBER*	ALTERNATE	CONSTITUENCY*
Mr. Lennart Bage (Sweden)	Mr. Taisto Huimasalo (Finland)	Estonia#, Finland, Sweden
Mr. Ad Koekkoek (The Netherlands)	Hans van Zyst (The Netherlands)	The Netherlands
Mr. George Greene (Canada)	Mr. Mark Gawn (Canada)	Canada
Mr. Rudolf Barfuss (Switzerland)	Mr. Theo Wiederkehr (Switzerland)	Switzerland
Mr. Erik Fiil (Denmark)	Mr. Kare Bryn (Norway)	Denmark, Latvia#, Lithuania#, Norway
Mr. Harald Sitta (Austria)	Mr. Nurcan Akturk (Turkey)	Austria, Czech Republic#, Hungary#, Slovak Republic, Slovenia#, Turkey#
Mr. Angel Torres (Spain)	Ms. Helena Cordeiro (Portugal)	Greece, Ireland, Portugal, Spain
Ms. Dawn Casey (Australia)	Mr. Struan Little (New Zealand)	Australia, New Zealand, Republic of Korea#

* Countries listed are those that have submitted their notification of participation in the restructured Facility.

** Preliminary grouping of West African participant countries until intergovernmental discussions have been completed.

@ Participant countries preliminarily grouped in the constituency subject to final agreement between the country and the other participant countries in the constituency.

\# Recipient countries in non-recipient constituencies.

Constituency of Malta to be determined.

Annex II

(Page numbers at the foot of each page correspond to the original pagination of the following report.)

JOINT SUMMARY OF THE CHAIRS
GEF COUNCIL MEETING

NOVEMBER 1-3, 1994

OPENING OF THE MEETING

1. The meeting was opened by Mr. Mohamed T. El-Ashry, Chief Executive Officer/Chairperson of the Facility.

ELECTION OF CHAIRPERSON

2. The Council elected Mr. Lennart Bage (Sweden) as its elected Chairperson.

ADOPTION OF THE AGENDA

3. The Council adopted the provisional agenda set forth in document GEF/C.2/1.

STATEMENTS ON BEHALF OF BIOLOGICAL DIVERSITY AND CLIMATE CHANGE CONVENTIONS FOLLOWED BY QUESTIONS AND ANSWERS

4. Statements were made to the Council by Ms. Angela Cropper, Executive Secretary, Interim Secretariat for the Convention on Biological Diversity, and Mr. Michael Zammit Cutajar, Executive Secretary, Interim Secretariat for the Framework Convention on Climate Change. The two representatives responded to questions from Council Members after their statements. Mr. Jurgen Holst, Senior Economic Affairs Officer, UN DPCSD, also made a statement to the Council on behalf of the Commission on Sustainable Development.

DRAFT RULES OF PROCEDURE FOR THE GEF COUNCIL

5. The Council continued its review of the draft Rules of Procedure for the GEF Council which it had begun at its first meeting. The Council had before it a revised draft of the rules that had been prepared by the Secretariat on the basis of the discussions during the first Council meeting (document GEF/C.1/3/Rev. 1). At its session on November 3, 1994, the Council adopted its rules of procedure. The adopted rules are appended to this summary. In reviewing and revising the rules, the following clarifications and interpretations were made.

6. The Council agreed that it was not necessary to include in the rules a definition of "consensus", since paragraph 25(b) of the Instrument for the Establishment of the Restructured GEF addressed this issue.

7. With regard to paragraph 8, the Council agreed to maintain the paragraph as agreed in July: two advisors may accompany each Council Member. In explaining this rule, it was noted that a number of possibilities had been explored for ensuring that the meeting was as open as possible while maintaining a business-like culture for the Council proceedings. There was no limit on the number of representatives who could register at the meeting. The number of Members, Alternates, and advisors was concerned with the format and number of representatives in the meeting room. Members were free to rotate the individuals advising him/her at the meeting.

8. In discussing Section X of the Rules, "Languages", the CEO/Chair explained to the meeting the practice of the Secretariat. Documents for GEF Council meetings will be prepared in English. Interpretation at the meetings will be available in English, French and Spanish. Correspondence and other incoming communications can be submitted to the Secretariat in any of the three languages. Important documents, such as the *Instrument for the Establishment of the GEF*, and general information on the GEF are available in the three languages. This will include final Council documents on substantive operational matters, such as the GEF Annual Report, Rules of Procedure or the GEF Project Cycle, once the Council had approved such documents. In addition, documentation concerning projects will be translated into the appropriate language or languages for those interested in the project at the local and national level. The Secretariat was requested to prepare a note on this matter for the Council's review and approval.

9. In reviewing the section on "Interventions", the Council agreed to delete paragraph 26 on the understanding that all speakers would need to be invited by the Chair to take the floor before addressing the Council.

QUESTION OF NGO OBSERVERS AT COUNCIL MEETING AND NGO CONSULTATIONS

10. The Council continued the review it began at its first meeting of this issue, and adopted the decision appended to this summary.

11. In accordance with the decision, the Secretariat is requested to prepare, in consultation with NGO's, more specific criteria for the selection of NGO representatives to attend or observe Council meetings. Such criteria should be based on the general principles of broad-based representation and of self selection of NGO's. The Council is to review and approve the criteria at its third session.

PROPOSED GEF PROJECT CYCLE

12. The Council reviewed the proposed GEF Project Cycle and requested that, in light of its decision to approve an interim project cycle, a summary of the key steps and decision points in the interim project/program cycle be provided. This together with a summary of understandings on the "interim" guidance on the implementation of the GEF project/program cycle are attached.

PRELIMINARY ISSUES RELATING TO GEF ACTIVITIES CONCERNING LAND DEGRADATION

13. Mr. Hama A. Diallo, Executive Secretary, Interim Secretariat of the United Nations Convention to Combat Desertification made a statement to the Council and responded to questions from the Members.

DECISIONS OF THE COUNCIL

14. The Decisions approved by the Council are appended to this summary.

CLOSURE OF THE MEETING

15. The meeting was closed by the Chairs on November 3, 1994.

APPENDIX TO CHAIRS' JOINT SUMMARY

COUNCIL DECISIONS

Decision on Agenda Item 5 *Draft Rules of Procedure for the GEF Council*

At its second meeting, after reviewing draft Rules of Procedure, the Council adopted the attached Rules of Procedure for the GEF Council.

Decision on Agenda Item 6 *Question of NGO Observers at Council Meetings and NGO Consultations*

At its second meeting, the Council considered the issue of NGO representation at Council meetings and NGO consultations. In this regard, the Council decided:

Council Meetings:

a. For purposes of paragraph 13 of the Council's rules of procedure, the CEO shall invite five NGO representatives to attend Council meetings and five NGO representatives to observe the meetings. Such representatives will be invited to attend or observe, as the case may be, Council discussions on all agenda items except those considered in executive session as provided for in paragraph 14 of the rules of procedure. The GEF administrative budgets should always be considered in executive session as well as decisions on amendments to the rules of procedure. Since the administrative budget will be on the agenda of each Council meeting, either for approval or review, an executive session should be scheduled for each meeting. The executive session could also be used by the Chair to take decisions relating to the allocation of funds.

b. The Council invites the Secretariat, in consultation with NGOs, to develop criteria for selection of NGO representatives to attend or observe Council meetings. Such criteria should be based on the principles of regional representation and of self selection by the NGOs, taking into account the GEF thematic scope. The Secretariat should submit proposed criteria to the Council for review and approval at its third meeting.

c. The cost of NGO attendees from recipient countries should be provided for in the administrative budget of the GEF Secretariat. Such financing should be clearly identified in a separate line item in the budget. In accordance with paragraph 20(j) of the *Instrument for the Establishment of the Restructured GEF*, the Secretariat's budget will be approved by the Council.

NGO Consultations:

d. The Council requests the Secretariat to prepare a paper on NGO consultations for consideration at its third meeting in January 1995. The paper should elaborate further on the information presented in the *Technical Note on NGO Relations with the GEF* (document GEF/C.1/4) and in particular should address the scope of such consultations, cost implications and other modalities for their organization.

e. Pending a decision on the scope and funding of NGO consultations, the Council requests the CEO to convene an NGO consultation in accordance with pilot phase practice prior to the Council meeting in January 1995.

Decision on Agenda Item 7 *Proposed GEF Project Cycle*

The Council reviewed document GEF/C.2/3, *Proposed GEF Project Cycle*, and agreed that further work should be undertaken in light of the discussions and a revised paper submitted to the fourth Council meeting in April. Members were invited to submit written comments to the Secretariat by December 1, 1994. Pending the adoption of a final project cycle, the Council agreed that projects could be developed in accordance with the interim project cycle as revised by the Council and attached to this decision.

The Council agreed that the Secretariat should establish the Project Development Facility (PDF) with an initial allocation of $15 million. The Secretariat was requested to submit to the Council meeting in January 1995 a note further elaborating on the PDF, including criteria for the selection of projects, monitoring of resource allocations, Implementing Agencies best practice on project preparation funding during the project cycle, and regular reporting on PDF activities. It was agreed that no Block C funds would be committed until the Council had reviewed the paper on the PDF at its January meeting.

Decision on Agenda Item 8 *Role and Mandate of STAP*

The Council reviewed document GEF/C.2/4, *Role and Mandate of STAP*. The Council invited UNEP to revise the paper on the basis of its discussions. UNEP is also requested to proceed with the establishment of STAP on the basis of Option 3 in the paper and the comments made during the Council review. STAP, once established, is requested to propose for Council approval criteria to guide the selective review of projects by STAP.

Decision on Agenda Item 9 *Guidance for Programming GEF Resources in 1995*

The Council reviewed the proposed programming guidance in document GEF/C.2/5 for the three program components. Notwithstanding reservations expressed by certain Members on certain aspects of the document, the Council expressed general support for the ranges of funding. The Council agreed that the funding levels should be indicative figures and not targets. There should be flexibility in the allocation of funds within ranges and between focal areas. The Council approved continued funding for the Small Grants Program subject to the conclusions of an independent review of its pilot phase activities. In addition, international waters should be included under enabling

activities. When operational strategies for international waters and land degradation activities are approved by the Council, funding for priority activities would be included in 1995 programming. The Secretariat was requested to inform the Conferences of the Parties to the Convention on Biological Diversity and the Framework Convention on Climate Change of the Council's approach to programming of GEF resources in each of the relevant focal areas in 1995 and to invite the Conference of the Parties to consider the categories of activities selected for implementation.

Decision on Agenda Item 10 *Incremental Costs and Financing Policy Issues*

The Council did not review the document prepared for this agenda item, but Members were invited to submit written comments to the Secretariat by December 1, 1994. It was agreed that this matter should be included on the agenda of a future Council meeting.

Decision on Agenda Item 11 *Issues concerning administrative budget management*

The Council reviewed document GEF/C.2/7, *Issues Concerning Administrative Budget Management*, and Members were requested to submit additional comments in writing to the Secretariat by December 1, 1994. During its review, the Council expressed its serious concern with the proposed budgets for the administrative expenditures of the Implementing Agencies for FY95 as presented in Annex C to the document. The Council noted, in particular, that it was unable to judge whether the proposed increases in expenditures were warranted, since the Council did not have before it any information to justify such increases.

The Council requests that a full consideration and approval of FY95 administrative budgets be included on the agenda for the next Council meeting. In order to assist the Council in its deliberations, the Secretariat is requested to prepare a detailed analysis of the administrative expenditures and requirements of each of the Implementing Agencies and the Secretariat and to recommend a process for ensuring regular planning, review and analysis of administrative expenditures. The Implementing Agencies are requested to provide the Secretariat with detailed information and supporting documentation so as to enable the Secretariat to assess their proposed expenditures. In providing such information, the Implementing Agencies are requested to breakdown the information in accordance with the budget categories proposed for FY96 on page 4 of document GEF/C.2/7 with a view to facilitating an assessment of specific categories of expenditures and an identification of opportunities for cost savings among the Agencies.

Pending the Council's review and approval of FY95 administrative budgets, the Implementing Agencies are requested not to exceed the levels of administrative expenditures for FY94 by more than 10%, excluding those administrative expenditures relating to the establishment of the new STAP, but not the STAP secretariat, according to the guidance of the Council at this meeting.

Decision on Agenda Item 12 *Follow-up to recommendations set forth in the Independent Evaluation of the GEF pilot phase*

The Council reviewed document GEF/C.2/8, *Follow-up to Recommendations Set Forth in the Independent Evaluation of the GEF Pilot Phase*. Council Members were invited to submit written comments on the document to the Secretariat by December 1, 1994. The Council agreed that it

would be useful to keep the response to the recommendations of the Evaluation under review through regular reports to the Council, including a more analytical report in July 1995, and the Secretariat was requested to reflect the recommendations in its work on developing GEF policy for Council consideration. The Secretariat and the Implementing Agencies were requested to take the recommendations fully into account as they develop and implement the operational activities of the GEF.

Decision on Agenda Item 13 *Scoping of GEF activities concerning International Waters*

The Council provided initial comments on the document GEF/C.2/9, *Scoping of GEF Activities concerning International Waters*. Further written comments were invited by December 1, 1994. The Secretariat was requested to revise the scoping paper on the basis of the discussions of the Council and the comments received in writing, and to submit the revised text and an operational strategy for consideration and approval by the Council at its third meeting.

Decision on Agenda Item 14 *Preliminary Issues relating to GEF activities concerning Land Degradation*

The Council provided comments on the document GEF/C.2/10, *Preliminary Issues relating to GEF Activities concerning Land Degradation*. Further written comments were invited by December 1, 1994. The Secretariat was requested to revise the paper on the basis of the discussions of the Council and the comments received in writing, and to submit the revised text and an operational strategy for consideration and approval by the Council at its third meeting.

Decision on Agenda Item 15 *Other business*

Response to Decision 10/3 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change at its Tenth Session

The Council reviewed the document including the draft report. The Council approved the report for submission to the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change at its eleventh session in February 1995.

Information Note on Collaboration between the World Bank and the Regional Development Banks in GEF Implementation: A Status Report

The Council reviewed the information document, and requested the Secretariat to prepare a paper on the relationship, including the monitoring of GEF resources, between Implementing Agencies and executing agencies identified in paragraph 28 of the Instrument for consideration at its meeting in January 1995.

ATTACHMENT TO DECISION ON AGENDA ITEM 5

RULE OF PROCEDURE FOR THE GEF COUNCIL

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INTRODUCTION

These rules provide the procedures that will be applied by the Council of the Restructured Global Environment Facility in the conduct of its business. The rules were adopted by the Council at its meeting on November 3, 1994. These rules complement the ones contained in the Instrument for the Establishment of the Restructured Global Environment Facility, accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, and subsequently adopted by the Implementing Agencies. The rules that are drawn from the Instrument are presented in this text in boxes with a reference to the appropriate paragraph of the Instrument. It should be noted that the text cited in the boxes is not necessarily the complete text of the referenced paragraph.

I. SCOPE

1. These rules of procedure shall apply to the conduct of business of the Council of the restructured Global Environment Facility.

II. DEFINITIONS

2. For the purposes of these rules:

a. "Instrument" means the Instrument for the Establishment of the Restructured Global Environment Facility, accepted by representatives of the States participating in the GEF at their meeting in Geneva, Switzerland, from March 14 to 16, 1994, and subsequently adopted by the Implementing Agencies.

b. "GEF" means the restructured Global Environment Facility established in accordance with, and for the purposes set forth in, the Instrument.

c. "Council" means the Council of the GEF established in accordance with paragraphs 11 and 15 to 20 of the Instrument.

d. "Elected Chairperson" means the Member elected Chairperson by the Council for the duration of a meeting in accordance with paragraph 18 of the Instrument.

e. "CEO" means the Chief Executive Officer/Chairperson of the Facility appointed by the Council in accordance with paragraph 21 of the Instrument.

f. "Chair" means the Elected Chairperson and/or the CEO, as the case may be, who is responsible for conducting the deliberations of the Council meeting in accordance with paragraph 18 of the Instrument.

g. "Trustee" means the International Bank for Reconstruction and Development (IBRD or World Bank) acting as Trustee of the GEF Trust Fund in accordance with paragraph 8 of the Instrument.

h. "Implementing Agencies" means the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank in accordance with paragraph 22 of the Instrument.

i. "Secretariat" means the Secretariat of the GEF established in accordance with paragraph 21 of the Instrument.

j. "Participants" means States which have become Participants in the GEF in accordance with paragraph 7 of the Instrument.

k. "GEF Trust Fund" means the trust fund established in accordance with paragraph 8 of the Instrument.

l. "GET" means the Global Environment Trust Fund established for the GEF pilot program by Resolution No. 91-5 of the Executive Directors of the World Bank.

m. "STAP" means the Scientific and Technical Advisory Panel established by UNEP in accordance with paragraph 24 of the Instrument.

n. "Attend" means that a representative shall be permitted to be present in the Council meeting room and, at the invitation of the Chair, may address the Council.

o. "Observe" means that a representative shall be permitted to observe the Council proceedings from a viewing room. At the invitation of the Chair, an observer may address the Council.

p. "Meeting" means any regular or special meeting of the Council.

q. "Session" means a period of a meeting.

III. COUNCIL

Members and Alternates

Paragraph 16 of the Instrument provides:

The Council shall consist of 32 Members, representing constituency groupings formulated and distributed taking into account the need for balanced and equitable representation of all Participants and giving due weight to the funding efforts of all donors. There shall be 16 Members from developing countries, 14 Members from developed countries and 2 Members from the countries of central and eastern Europe and the former Soviet Union, in accordance with Annex E. There shall be an equal number of Alternate Members. The Member and Alternate representing a constituency shall be appointed by the Participants in each constituency. Unless the constituency decides otherwise, each Member of the Council and each Alternate shall serve for three years or until a new Member is appointed by the constituency, whichever comes first. A Member or Alternate may be reappointed by the constituency. Members and Alternates shall serve without compensation. The Alternate Member shall have full power to act for the absent Member.

3. In the event that both a Member and his/her Alternate are unable to attend a Council meeting, the Member may designate a temporary Alternate to act for him/her.

4. Except as may be expressly provided otherwise in these rules, any reference in these rules to a Member shall be deemed to include his/her Alternate or temporary Alternate when such Alternate acts for such Member.

Constituencies

Annex E, paragraph 1, of the Instrument provides:

GEF Participants shall be grouped in 32 constituencies, with 18 constituencies composed of recipient countries (referred to as "recipient constituencies"), and 14 constituencies composed principally of non-recipient countries (referred to as "non-recipient constituencies").

Annex E, paragraph 6, of the Instrument provides:

The grouping of constituencies as communicated to the Secretariat, including any adjustments pursuant to paragraph 8 of this Annex, shall be subject to confirmation by the Council after the effective date of the establishment of the GEF Trust Fund, taking into account the instruments deposited in accordance with Annex A to the Instrument.

Annex E, paragraph 8, of the Instrument provides:

Any State that becomes a Participant in accordance with paragraph 7 of the Instrument after the formation of constituencies pursuant to paragraphs 3 to 6 above shall, after consultation with the Participants in the constituency concerned, notify the Secretariat as regards the constituency in which it wishes to be grouped and shall be grouped in that constituency subject to agreement by the Participants in that constituency and subsequent confirmation by the Council at its next meeting.

5. At its first meeting after the effective date of the establishment of the GEF Trust Fund, the grouping of constituencies shall be subject to confirmation by the Council. At any meeting subsequent to notification to the Secretariat by a Member that a Participant has joined the Member's constituency, that notification shall be subject to confirmation by the Council.

IV. MEETINGS

Frequency

Paragraph 17 of the Instrument provides:

The Council shall meet semi-annually or as frequently as necessary at the seat of the Secretariat to enable it to discharge its responsibilities.

6. The CEO shall convene two regular meetings of the Council in each calendar year. Such meetings shall normally be convened in April and October. Special meetings of the Council may be called by the CEO, after consultation with Members, when necessary decisions have to be made that cannot await adoption in a regular meeting or that are not taken pursuant to paragraphs 34 through 36.

7. The CEO shall give notice of the date of each regular meeting of the Council not less than eight weeks prior to the date of such meeting. The CEO shall give such notice for any special meeting of the Council not less than four weeks prior to the date of such meeting. Notice shall be conveyed to all those invited to the meeting in accordance with paragraphs 8 to 13 below.

Attendance

8. Council meetings shall be open to Members, Alternates and the CEO or his/her representative. Two advisors may accompany each Member.

9. Representatives of each of the Participants shall be invited to observe the Council meetings.

10. Representatives of the Implementing Agencies, the Trustee and STAP shall be invited to attend the Council meetings.

11. Consistent with paragraph 27 of the Instrument, representatives of the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity shall, on a reciprocal basis, be invited to attend the Council meetings and, as appropriate, to make a general introductory statement at each regular Council meeting and shall be provided with an opportunity after their statements to respond to questions from Members. In addition, such representatives, subject to paragraphs 25 and 26, may intervene in the discussions of relevant agenda items before the Council.

12. Representatives of the Montreal Protocol on Substances that Deplete the Ozone Layer and its Multilateral Fund, the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, and the United Nations Commission on Sustainable Development shall also be invited to attend the Council meetings.

13. The CEO may, in consultation with the Council, invite representatives of other organizations and entities, including NGOs, to attend or observe the Council meetings.

Executive Sessions

14. Executive sessions of Council meetings may be held by decision of the Council. Executive sessions shall be open to Members, Alternates, advisors, and the CEO or his/her representative. The Council may invite representatives of bodies referred to in paragraphs 10 to 12 to attend an executive session. The CEO may designate an official of the Secretariat to serve as the Secretary of an executive session.

Quorum

Paragraph 17 of the Instrument provides:

Two-thirds of the Members of the Council shall constitute a quorum.

V. AGENDA FOR MEETINGS.

15. A provisional agenda for each regular meeting of the Council shall be prepared by the CEO, and a copy of such provisional agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 8 to 13 of these rules.

16. Additions to the provisional agenda of a regular meeting may be proposed to the CEO by any Member and incorporated in the final agenda provided that the Member shall give notice thereof to the CEO not less than fourteen days prior to the date fixed for the opening of the meeting. The final agenda for the meeting shall be transmitted by the CEO to all those invited to the meeting in accordance with paragraphs 8 to 13 of these rules seven days prior to the date fixed for the opening of the meeting.

17. An agenda for each special meeting of the Council shall be prepared by the CEO, and a copy of such agenda, together with the notice of the meeting, shall be transmitted to all those invited to the meeting in accordance with paragraphs 8 to 13 of these rules.

18. The Council shall, at the beginning of each meeting, adopt the agenda for the meeting.

19. Any item included on the agenda for a meeting of the Council, consideration of which has not been completed at that meeting, shall, unless the Council decides otherwise, be automatically included on the provisional agenda for the next meeting.

VI. TRANSMITTAL OF DOCUMENTATION

20. The CEO shall transmit the documentation relating to items on the provisional agenda to all those invited to the meeting in accordance with paragraphs 8 to 13 of these rules at least four weeks before the start of a regular meeting and as soon as possible before a special meeting. The CEO shall transmit documentation relating to new items on a final agenda at the time of transmitting that agenda.

VII. ELECTED CHAIRPERSON

Paragraph 18 of the Instrument provides:

At each meeting, the Council shall elect a Chairperson from among its Members for the duration of that meeting.

The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members.

21. For purposes of this paragraph and paragraph 18 of the Instrument, the non-recipient Members shall include the Members from developed countries and the Members from countries of central and eastern Europe and the former Soviet Union. The Members from the group that is entitled to the position of elected Chairperson for any meeting shall nominate a Member to be elected by the Council at that meeting.

22. The elected Chairperson shall serve in the meeting in that capacity, without the right to vote. The Alternate to the Member elected Chairperson shall act for the Member in the meeting. If during the meeting the elected Chairperson should no longer be able to serve in that capacity, the group that is entitled to the position for such meeting shall nominate another Member to serve as elected Chairperson.

VIII. CHIEF EXECUTIVE OFFICER/CHAIRPERSON OF THE FACILITY (CEO)

Paragraph 21 of the Instrument provides:

The CEO shall be appointed to serve for three years on a full time basis by the Council on the joint recommendation of the Implementing Agencies. Such recommendation shall be made after consultation with the Council. The CEO may be reappointed by the Council. The CEO may be removed by the Council only for cause.

IX. SECRETARY OF THE COUNCIL MEETINGS

23. An official of the Secretariat designated by the Chief Executive Officer shall serve as Secretary of the Council meetings.

X. LANGUAGES

24. Interventions shall be made at the Council meetings in either English, French or Spanish and shall be interpreted into the other two languages.

XI. CONDUCT OF BUSINESS

Chair of Deliberations

Paragraph 18 of the Instrument provides:

The elected Chairperson shall conduct deliberations of the Council at that meeting on issues related to Council responsibilities listed in paragraphs 20(b), (g), (i), (j) and (k). The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members. The Chief Executive Officer of the Facility (CEO) shall conduct deliberations of the Council on issues related to Council responsibilities listed in paragraphs 20(c), (e), (f) and (h). The elected Chairperson and the CEO shall jointly conduct deliberations of the Council on issues related to paragraph 20(a).

Paragraph 20 of the Instrument provides:

The Council shall:

(a) keep under review the operation of the Facility with respect to its purposes, scope and objectives;

(b) ensure that GEF policies, programs, operational strategies and projects are monitored and evaluated on a regular basis;

(c) review and approve the work program referred to in paragraph 29, monitor and evaluate progress in the implementation of the work program and provide related guidance to the Secretariat, the Implementing Agencies and the other bodies referred to in paragraph 28, recognizing that the Implementing Agencies will retain responsibility for the further preparation of individual projects approved in the work program;

(d) arrange for Council Members to receive final project documents and within four weeks transmit to the CEO any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency;

(cont.)

(cont.)

(e) direct the utilization of GEF funds, review the availability of resources from the GEF Trust Fund and cooperate with the Trustee to mobilize financial resources;

(f) approve and periodically review operational modalities for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities referred to in paragraph 28, additional eligibility and other financing criteria in accordance with paragraphs 9(b) and 9(c) respectively, procedural steps to be included in the project cycle, and the mandate, composition and role of STAP;

(g) act as the focal point for the purpose of relations with the Conferences of the Parties to the conventions referred to in paragraph 6, including consideration, approval and review of the arrangements or agreements with such Conferences, receipt of guidance and recommendations from them and compliance with requirements under these arrangements or agreements for reporting to them;

(h) in accordance with paragraphs 26 and 27, ensure that GEF-financed activities relating to the conventions referred to in paragraph 6 conform with the policies, program priorities and eligibility criteria decided by the Conference of the Parties for the purposes of the convention concerned;

(i) appoint the CEO in accordance with paragraph 21, oversee the work of the Secretariat, and assign specific tasks and responsibilities to the Secretariat;

(j) review and approve the administrative budget of the GEF and arrange for periodic financial and performance audits of the Secretariat and the Implementing Agencies with regard to activities undertaken for the Facility;

(k) in accordance with paragraph 31, approve an annual report and keep the UN Commission on Sustainable Development apprised of its activities; and

(l) exercise such other operational functions as may be appropriate to fulfill the purposes of the Facility.

Interventions

25. Debate shall be confined to the question before the Council, and the Chair may call a speaker to order if his/her remarks are not relevant to the subject under discussion.

26. With the consent of the Council, the Chair may limit the time allowed to speakers and the number of times a speaker may speak on any question.

Closure of list of speakers

27. During the course of a debate, the Chair may announce the list of speakers and, with the consent of the Council, declare the list closed. When there are no more speakers on the list, the Chair shall declare the debate closed.

XII. DECISIONS OF THE COUNCIL

Paragraph 25(b) of the Instrument provides:

Decisions of the Council shall be taken by consensus. In the case of the Council if, in the consideration of any matter of substance, all practicable efforts by the Council and its Chairperson have been made and no consensus appears attainable, any Member of the Council may require a formal vote.

Paragraph 25(c) of the Instrument provides:

Unless otherwise provided in the Instrument, decisions requiring a formal vote by the Council shall be taken by a double weighted majority, that is, an affirmative vote representing both a 60 percent majority of the total number of Participants and a 60 percent majority of the total contributions.

Each Member of the Council shall cast the votes of the Participant or Participants he/she represents. A Member of the Council appointed by a group of Participants may cast separately the votes of each Participant in the constituency he/she represents.

For the purpose of voting power, total contributions shall consist of the actual cumulative contributions made to the GEF Trust Fund as specified in Annex C to the Instrument and in subsequent replenishments of the GEF Trust Fund, contributions made to the GET, and the grant equivalent of co-financing and parallel financing made under the GEF pilot program, or agreed with the Trustee, until the effective date of the GEF Trust Fund. Until the effective date of the GEF Trust Fund, advance contributions made under paragraph 7(c) of Annex C of the Instrument shall be deemed to be contributions to the GET.

28. The Chair shall ascertain a consensus. Whenever decisions require a formal vote, the written text of the motion shall be distributed to all Members. Except in the case of a proposed decision transmitted in accordance with provided in paragraphs 34 to 36, a formal vote shall only be taken at the Council meeting succeeding the meeting at which the written motion is distributed.

29. If an amendment to a proposal before the Council is presented by a Member or Members, voting shall take place first on this amendment. In case of more than one amendment, voting shall take place first on the amendment furthest removed from the original proposal.

Method of voting

30. Voting shall be by roll-call, which shall be taken in alphabetical order of the names of the Members, beginning with the Member whose name is drawn by lot by the Chair. The name of each Member shall be called in all roll-calls, and he/she shall indicate the votes ("yes" or "no"), abstention or non-participation of the Participants in the constituency.

31. Votes cast by each Member on behalf of each Participant participating in a roll-call shall be recorded in the Chairs' joint summary of the meeting.

Conduct of voting

32. The Chair shall announce the start of voting, after which no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised in connection with the process of voting.

33. Members may, before the announcement of the start of voting or after the results of the vote have been announced, make brief statements consisting solely of explanation of their votes.

Decisions without Meeting

34. Whenever, in the judgment of the CEO, a decision must be taken by the Council which should not be postponed until the next regular meeting of the Council but does not warrant the calling of a special meeting of the Council, the CEO shall transmit to each Member by any rapid means of communication a proposed decision with an invitation to approve the decision on a no objection basis. Such communication shall also be transmitted to all those who would be invited to a meeting in accordance with paragraphs 8 to 13.

35. Each Member's comments on the proposed decision on behalf of his/her constituency shall be sent to the CEO during such period as the CEO may prescribe, provided such period is not less than two weeks.

36. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If there is an objection raised by any Member or if replies are not received from at least two-thirds of the Members, the CEO shall include consideration of the proposed decision as an item on the agenda for the next meeting of the Council. The CEO shall

notify all those that received the communication referred to in paragraph 34 of the action he/she takes pursuant to this paragraph.

XIII. RECORD OF THE MEETING

37. Before the end of each meeting, the Chairs shall present a joint summary of the main discussions and conclusions of the meeting. Any decision approved by the Council at a meeting shall be appended to the Chairs' joint summary. The Chairs' joint summary and the Council decisions shall be a public document.

38. The Secretariat will arrange for sound recordings of the proceedings of each meeting. The sound recordings of the meetings of the Council shall be kept by the Secretariat.

XIV. AMENDMENTS TO THE RULES

39. These rules may be amended by consensus of the Council.

XV. OVERRIDING AUTHORITY OF THE INSTRUMENT

40. In the event of any conflict between any provision of these rules and any provision of the Instrument, the provisions of the Instrument shall prevail.

ATTACHMENT TO DECISION ON AGENDA ITEM 7

INTERIM PROJECT CYCLE

STEPS AND DECISION POINTS IN THE "INTERIM" PROJECT/PROGRAM CYCLE

* Council approves establishment and policy framework for PDF taking fully into account this Interim Project Cycle and the Council decision on the project cycle.

Phase One Steps (project concept to work program submission):

* Government endorses and/or approves project/program concept(s) and their preparation. Subject to Government approval, PDF funds could be used for this purpose.

* GEFOP recommends allocations for further development of project concept and project/program development. Secretariat approves allocations.

* Government endorses project proposal prior to presentation to GEFOP for consideration with a view to including the proposal in the joint work program.

* STAP is member of GEFOP and, through its expert roster, reviews each project/program to determine technical and scientific soundness of project concepts and proposals. STAP chair provides report to Council.

* Council approves work program submission including all project/program proposals in work program.

Phase Two Steps (approval by Council of project/program proposal to final Implementing Agency approval)

* Implementing Agency follows own rules with respect to approval of projects.

* Council can review project prior to final approval if at least four Members request.

Phase Three Steps (from project approval to project completion)

* Responsibility for project implementation rests typically with county-level institution, agency or company.

* Implementing Agencies are responsible for supervision of projects.

* Secretariat, in collaboration with Implementing Agencies, reviews each year all projects in the GEF portfolio with a view to determining progress, status of implementation and proposed project modifications. The review also assists Secretariat in assessing the effectiveness of its Operational Policy Guidelines (OPGs). Findings of the review are incorporated into a GEF Annual Report submitted to Council for review and approval.

Monitoring and evaluation

* Council will approve a paper on Monitoring and Evaluation (M&E) Guidelines throughout the "interim" Project Cycle. M&E reports will be available to Council.

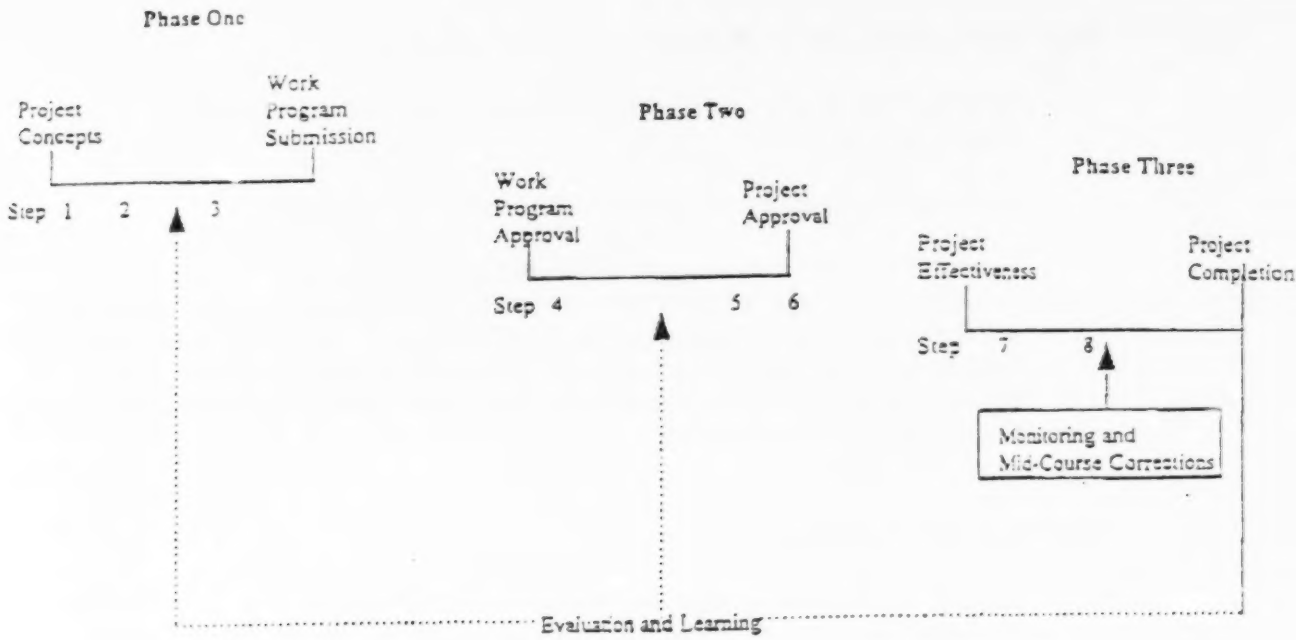
Operational Policy Guidelines (OPGs)

* Secretariat will prepare and issue OPGs to provide guidance to Implementing Agencies on minimum standards for GEF operations which will be applied by the Implementing Agencies in a manner consistent with their own operational policies and directives.

* Council will, in the context of its discussion of the Annual Report, review the effectiveness and direction of the OPGs.

* For the "interim" Project Cycle OPGs will be issued on those items noted in the Project Cycle paper. OPGs will be sent to Council for information.

Project/Program Cycle



MAIN PROJECT/PROGRAM CYCLE PROCEDURAL STEPS:

1. **Government** endorses/approves project concept and project proposal prior to inclusion in the Work Program. PDF may be used to assist in concept development.

2. **GEFOP** recommends and **Secretariat** approves allocations of PDF funds as appropriate.

3. (a) **STAP**, through its expert roster, provides objective technical and scientific review of project proposals.
   (b) **GEFOP** (Secretariat, Implementing Agencies, STAP, Chair, COP secretariats as appropriate) reviews project proposal submissions together with technical reviews (3a above) and decides which projects should be included in six monthly Work Program which is submitted to Council.

4. Council approves Work Program at its regular (six monthly) meetings. Work Program consists of project proposals and associated STAP roster technical and scientific reviews; STAP briefs Council every meeting.

5. **CEO** endorses final project document. Council may also review if required (see: Instrument, Article 30).

6. **Implementing Agency** approves final project document under its own procedures.

7. **National Executing Agency(s)** (Governments, private companies, NGOs, other bodies) execute project. Implementing Agency supervises and monitors project.

8. **Secretariat** undertakes annual implementation review to assess status of GEF portfolio. Findings are included in GEF Annual Report. **Council** reviews and approves Annual Report and provides Secretariat with guidance on GEF operational policies.

UNDERSTANDINGS ON THE "INTERIM" GUIDANCE ON THE IMPLEMENTATION OF THE GEF PROJECT/PROGRAM CYCLE

1. Council reviewed the paper "the GEF Project Cycle" and noted that it presents a useful framework. However, the GEF project/program cycle will continue to evolve over time and continued development, clarification and modifications will be needed. Therefore Council has agreed to the following interim guidance pending a final decision on the project cycle.

A. The Central Importance of a "Country Driven" Project/Program Cycle

2. The two key aspects of a "country driven" project cycle are:

(i) all project concepts under review for GEF funding must be endorsed and/or approved by the host government.

(ii) all project concepts and proposals must "fit" into a national strategic framework and be considered by government as a priority. Such proposals could be developed through a national consultative process.

(iii) in the case of regional and global projects, the commitment of countries to regional/global objectives, institutions and/or frameworks would be stressed.

B. Phases of the Interim Project Cycle

3. The three phases are:

* Phase One (Preparation):

Project Development Fund to be established provided that

* priority is given to the development and appropriate distribution of the GEF information kit.

* eligible expenditure items are clearly identified and are linked to in-country project development expenditures and do not substitute for Implementing Agency and/or executing agency administrative overhead.

* funding thresholds of $50,000 for Block A components, $350,000 for Block B components and $1 million for Block C components are treated as "ceilings" not entitlements and that Implementing Agencies program such funds efficiently.

* PDF funds could also be utilized by national entities to prepare programs in order that GEF funded activities are clearly linked to national programs and priorities.

- $15 million be allocated initially to the PDF but that at the end of its first year of operation the PDF be comprehensively reviewed and evaluated.

- at each meeting Council be informed of progress and status of implementation of the PDF.

- the period between project initiation and approval within the work program be kept under continuous review with a view to expediting project preparation to the greatest extent possible and to eliminating bottlenecks.

- Secretariat consults with Implementing Agencies and then develops and issues the relevant OPGs.

* Phase Two (Project Approval):

  - each implementing agency will conduct the project approval process according to its own rules and consistent with Article 30 of the Instrument with respect to endorsement by CEO and review by Council prior to final project approval.

* Phase Three (Implementation):

  - an annual review of project performance will be undertaken by the Secretariat during the first year of the "interim" project cycle. The results will be incorporated into the Annual Report of the GEF for discussion and approval by Council.

C. Monitoring and Evaluation

- A Monitoring and Evaluation paper will be sent to Council for consideration and approval at its Fourth meeting. The paper will propose evaluation criteria applicable to all aspects of the project Cycle and, once approved, will be implemented.

D. The role of STAP

- Secretariat will ensure that STAP's role in the "interim" project cycle fully conforms to the Council agreements reached with respect to the paper " the Role and Mandate of STAP".

E. The role of the GEF Operations Committee (GEFOP)

- GEFOP will be established immediately.

- GEFOP will include representatives of each Implementing Agency and the Chairperson (or his/her designate) of STAP.

- representatives of the Biological Diversity Convention and of the Climate Change Convention will be invited to attend all relevant GEFOP meetings.